
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 974-1629

TO: All Cities, Towns, and Townships and County Councils

FROM: Courtney L. Schaafsma, Commissioner

RE: Legislative Changes Concerning Voting on Budgets

DATE: July 21, 2015

Introduction

On May 5, 2015, Governor Pence signed into law House Enrolled Act 1264-2015 ("HEA 1264"), which introduces legislative changes concerning voting on unit budgets by volunteer firefighters. This memorandum addresses these changes, which were effective upon passage of the bill (and thus affect 2016 budgets). Please note that this memorandum is intended to be an informative bulletin; it is not a substitute for reading the law.

Section 13 of HEA 1264 introduces IC 36-1-23. Starting with the 2016 budgets, a member of the fiscal body of a unit (meaning city, town, or township) may not participate in a vote on the adoption of the unit's budget and tax levies if the member is a volunteer firefighter in: (1) a volunteer fire department; or (2) a fire department; that provides fire protection services to the unit under a contract (excluding a mutual aid agreement) or as the unit's fire department. Indiana Code 36-1-23 does not distinguish or make exceptions for situations in which the unit does not adopt the funds which provide funding for the unit's fire department (e.g., a participating unit in a fire territory) or situations in which the unit is voluntarily choosing not to grow its budgets. Here, the preclusion from voting would still apply. Additional guidance on these situations is provided in the Anticipated Questions section below.

If at least a majority of the members of the unit's fiscal body are precluded from voting on the unit's budget and tax levies, the unit's most recent annual appropriations are continued for the ensuing budget year, subject to the following:

- (1) The executive of the unit may petition the county fiscal body for an increase in the unit's budget.
- (2) The executive of the unit may petition the county fiscal body for any additional appropriations.

While IC 36-1-23-3 specifically indicates that a unit's most recent appropriations would be continued, a unit in this situation would not have the ability to do a proper budget adoption under IC 6-1.1-17-5. As a result, the unit's most recent annual tax levies would also be continued, pursuant to IC 6-1.1-17-5(f).

For units that choose to petition the county fiscal body, the executive of the unit may petition the county fiscal body for an increase in the unit's budget and property tax levies. The county fiscal body may grant or deny the petition only after conducting a public hearing on the petition. The county fiscal body may adopt any additional appropriations of the unit by ordinance before the Department of Local Government Finance ("Department") may approve the additional appropriation.

Section 9 amends IC 6-1.1-18-5, effective July 1, 2015, so that a unit whose most recent annual appropriations are continued pursuant to IC 36-1-23 must have its additional appropriations adopted by the county fiscal body before the Department can approve them.

How will this work?

- First, the Department is asking that each city, town, and township provide it with a letter documenting the composition of the unit's fiscal body. This will help both the Department and the units know which units are subject to this new provision. Each city, town, and township should send this letter (by e-mail) to its respective Department field representative (contact information is provided below).
- A city, town, or township that anticipates being unable to adopt a 2016 budget (because its fiscal body is composed of a majority of volunteer firefighters that serve the unit) AND that wants an increase to the unit's budgets *must*, via the unit executive, petition the county fiscal body for the increase and for adoption of any additional appropriations.
- There is no particular format or structure for the unit's petition; a letter would suffice. The petition should include the unit's proposed budgets, levies, and rates so that there is no question as to what was approved if the county council grants the petition.
- **The Department very strongly recommends that the county fiscal body public hearing AND county fiscal body determination occur on or before November 2, 2015!**
- The county fiscal body should issue its determination in the form of an ordinance or resolution.
- The county fiscal body "may grant or deny" the unit's petition for an increase in its budgets; statute does *not* authorize the county fiscal body to modify (reduce) the unit's proposal.
- Notice of the public hearing is governed by the Open Door Law (48-hour notice); to the extent the unit and county fiscal body can coordinate and allow for enough time, the Department strongly recommends that notice of the hearing be published in the correct newspaper(s) at least ten days before the hearing.
- Upon receipt of the county fiscal body's determination, the city, town, or township must upload a copy of the unit's petition and a copy of the county fiscal body's determination to Gateway within 48 hours of November 2, 2015.

- In this situation, the unit will not have a Form 4 to upload. The unit must still upload all the other budget documentation (e.g., Form 3). **PLEASE NOTE: The unit is still subject to the non-binding review process! Nothing about this process or its timing changes, even if the unit is subject to IC 36-1-23.**
- In the event a city, town, or township subject to IC 36-1-23 fails to comply with that statute, there will be no penalty to the county unit. The city, town, or township's penalty will be certification of the lesser of the unit's prior year budgets, rates, and levies or the unit's proposed budgets, rates, and levies.

Anticipated Questions

1. If a unit's fiscal body has a majority of volunteer firefighters precluded from voting on the unit's budgets, what does the unit show on the Form 3 as far as the adoption meeting date? *Only the public hearing date, time, and location must be included, and not an adoption meeting date, time, or location (again, the unit will not have a Form 4 to adopt). The unit must still post a Form 3 to Gateway and conduct a budget hearing of its own (this hearing is different from the one the county council must conduct).*
2. What does the unit executive have to present to the county as far as a request? *The unit executive should draft some type of letter to the county council explaining the situation and detailing the budgets, rates, and levies desired. The unit may want to include copies of the Form 4Bs and other budget forms as well. Again, the petition should include the unit's proposed budgets, levies, and rates so that there is no question as to what was approved if the county council grants the petition.*
3. Does the county council have to conduct two meetings concerning the unit's petition? *The county council must conduct a public hearing before taking action on the petition. The action can be taken immediately following the hearing or on a later date.*
4. Does the county council have to advertise the hearing? *Yes, pursuant to the Open Door Law. This hearing does not require a Form 3. If the county council takes action on a date different from the date of the public hearing, then the meeting must be advertised pursuant to the Open Door Law.*
5. What is the county council responsible for approving if it grants a unit's petition? *The budgets, levies, and rates for all funds of the unit.*
6. If this happens, is the unit still responsible for submitting a non-binding review worksheet to the county or is the unit considered a binding unit? *The unit still has to submit a non-binding worksheet to the county. The unit is still subject to non-binding review.*
7. Is the unit required to sign a Form 4? *No. It technically does not have a quorum capable of signing a Form 4.*

8. Is the county council required to sign a Form 4? *No, but it should adopt some type of resolution or ordinance granting or denying the petition.*
9. If a township has one board member who is a volunteer firefighter serving the unit and another board member who does not attend meetings, does this mean that the township cannot properly adopt its budgets, rates, and levies? *Correct, because a majority of the elected board has to approve the budget. However, in this situation, the township would not be eligible to petition the county fiscal body for an increase in its budgets and levies as the majority of the township board is not composed of volunteer firefighters serving the township.*
10. If a township has a majority of its board as volunteer firefighters serving the unit but the township does not have a fire fund because it has entered into a fire territory (and it is not the provider unit), can the township adopt its budget? *The voting preclusion is not contingent on whether the unit has a fire fund – it is contingent on the board member’s membership as a volunteer fire firefighter in a fire department that serves the unit, either by contract or as the unit’s fire department.*
11. If volunteer firefighters serving the unit are precluded from the vote on the unit’s budget, levies, and rates, does the preclusion apply to any other votes concerning the unit’s budgets, such as additional appropriations? If so, does the unit have to go to the county council for approval of an additional appropriation? *Statute contemplates the county fiscal body adopting additional appropriations for the unit before the Department can approve the additional appropriations. Volunteer firefighters serving the unit are not disqualified from helping develop the budget and voting on what is submitted to the county fiscal body for non-binding review. The preclusion is limited to adoption of the unit’s budgets, rates, levies, and additional appropriations.*
12. If taxpayers file an objection to the unit’s budget, who would adopt the findings required by IC 6-1.1-17-5? *Taxpayers could file their objection with both the unit’s governing body and the county council. The county council should adopt findings as part of the ordinance or resolution it issues approving or denying the unit’s petition.*

Budget Field Representative Contact Information

Miranda Bucy: mbucy@dlgf.in.gov
Ryan Burke: rburke@dlgf.in.gov
Kim Chattin: kchattin@dlgf.in.gov
George Helton: ghelton@dlgf.in.gov
Wayne Hudson: whudson@dlgf.in.gov
Vicky Neely: vneeley@dlgf.in.gov
Robert Norris: robnorris@dlgf.in.gov
Kurt Ott: kott@dlgf.in.gov
Dawn Ray: dray@dlgf.in.gov
Judy Robertson: jrobertson@dlgf.in.gov
Michelle Rogers: mrogers@dlgf.in.gov

Cathy Stockhoff: cstockhoff@dlgf.in.gov
Heather Witsman: hwitsman@dlgf.in.gov

A map of the field representatives' service areas is available here:
http://www.in.gov/dlgf/files/Field_Rep_Map_-_Budget.pdf.

Contact Information

Questions may be directed to General Counsel Mike Duffy at (317) 233-9219 or
mduffy@dlgf.in.gov.